UNITED NATIONS

General Assembly

FORTY-NINTH SESSION

Official Records

FIFTH COMMITTEE
10th meeting
held on
Monday, 31 October 1994
at 3 p.m.
New York

SUMMARY RECORD OF THE 10th MEETING

Chairman: Mr. TEIRLINCK (Belgium)

Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. MSELLE

CONTENTS

AGENDA ITEM 105: REVIEW OF THE EFFICIENCY OF THE ADMINISTRATIVE AND FINANCIAL FUNCTIONING OF THE UNITED NATIONS (continued)

AGENDA ITEM 104: FINANCIAL REPORTS AND AUDITED FINANCIAL STATEMENTS, AND REPORTS OF THE BOARD OF AUDITORS

ORGANIZATION OF WORK

This record is subject to correction. Corrections should be sent under the signature of a member of the delegation concerned *within one week of the date of the publication* to the Chief of the Official Records Editing Section, room DC2-794, 2 United Nations Plaza, and incorporated in a copy of the record.

Corrections will be issued after the end of the session, in a separate corrigendum for each Committee.

Distr. GENERAL
A/C.5/49/SR.10
30 November 1994
ENGLISH
ORIGINAL: SPANISH

94-81899 (E)

The meeting was called to order at 3.25 p.m.

AGENDA ITEM 105: REVIEW OF THE EFFICIENCY OF THE ADMINISTRATIVE AND FINANCIAL FUNCTIONING OF THE UNITED NATIONS (continued) (A/49/16 (Part II), A/49/34, A/49/48, A/49/336, A/49/418, A/49/471 and Corr.1 and A/49/560; A/C.5/49/1)

1. Mr. CONNOR (Under-Secretary-General for Administration and Management) said that the Secretary-General's report on the review of the efficiency of the administrative and financial functioning of the United Nations (A/49/336) focused on the impact of the restructuring measures adopted at Headquarters and of the redeployment of activities and resources undertaken both at Headquarters and other duty stations. The report, which was based on consultations held within the Secretariat and on the deliberations of the Advisory Panel on Management and Finance and of meetings of senior officials in the economic and social fields, provided an initial overall assessment, together with a department-, office- or unit-specific analysis.

2. It was possible at the current stage to determine whether the measures taken were producing any results and had made it possible to achieve the stated objectives. However, it was not a final assessment, since the measures had been in force for a relatively short period of time. As a result, the aim of the preliminary assessment was to determine whether the restructuring was aimed in the right direction. In addition, an effort had been made to introduce the first elements of a qualitative assessment of the effects of the restructuring as evaluated individually and collectively by programme managers. As experience was gained, a clearer picture would emerge of the benefits and lacunae of restructuring. In the first instance, a more precise assessment of the process should be possible at the end of the current budgetary period.

3. The overall objective of the restructuring was to make the Secretariat more effective. To that end the Secretary-General had identified distinct aims for the different sectors. In the political and humanitarian sectors the thrust was to consolidate and streamline the relevant Secretariat units and enhance the Organization's capacity for preventive diplomacy, peacemaking and peace-keeping.

4. In the economic and social sectors the thrust was to build a unity of purpose for the economic, social and environmental sectors of the Organization and to enhance the overall coherence of programmes; to strengthen linkages between those sectors and the political and humanitarian sectors; to define more clearly which development and cooperation tasks should be carried out by the Organization itself or within the United Nations system of specialized agencies and institutions; to achieve a more rational distribution of responsibilities between Headquarters and the United Nations Offices at Geneva, Nairobi and Vienna, on the one hand, and between global, regional and field structures, on the other; and to establish clear lines of responsibility in a simpler structure. With a view to achieving the objectives of those sectors, special emphasis had been placed on a better integration of the economic and social dimensions of development, on eliminating duplication, and on promoting an integrated approach in the interrelated fields of trade, finance, investment and

technology. In addition, in order to establish the new structures at Headquarters, activities had been relocated and redistributed both to and away from Headquarters.

5. Lastly, the objective for the administration and management sector was to achieve an integrated, streamlined department with clear lines of responsibility, and to establish internal oversight services.

6. Mr. SEVAN (Assistant Secretary-General for Conference and Support Services) said that over the past 49 years the components of the Organization had increased and mushroomed, often without any coherence. Often, when a structure had been found to be defective, the tendency of Member States had been not to fix it, but to create a new one. That had resulted in a situation that was so confusing that at times it was impossible to determine who was doing what. Obviously, the Secretary-General had had to take urgent steps to consolidate and streamline Secretariat services in order to ensure a more effective response to the priorities set by Member States.

7. The 10 main objectives of the restructuring were set forth in the annex to the Secretary-General's report (A/49/336). With a view to achieving the first objective, namely, to make the Secretariat more effective in responding to the priorities set by Member States, a new prototype medium-term plan providing congruence of programmatic and organizational structures had been developed (A/49/301). That would make it possible to establish subsequent linkages with budgetary control and financial accountability.

8. In order to consolidate and streamline Secretariat services at Headquarters and enhance the Organization's capacity for preventive diplomacy, peacemaking and peace-keeping, new structures were already in place (the Department of Political Affairs, the Department of Peace-keeping Operations and the Department of Humanitarian Affairs), while the Field Operations Division had been strengthened, thereby enabling the Organization to cope with the increase in operations in that area. The Secretary-General had repeatedly stated that the Organization must view its objectives in respect of economic and social cooperation and development with the same sense of responsibility and urgency as its commitments in the political and security areas.

9. The objective in the economic and social sectors was to build a unity of purpose for the economic, social and environmental sectors and enhance the overall coherence of United Nations programmes and activities. Towards that end, considerable policy clarification was taking place. That was a complex process that would take time. Greater synergies between separate programmes had been established. Clarification of some intergovernmental mandates was still required.

10. Another objective was to strengthen linkages between the economic and social sectors, on the one hand, and the political and humanitarian sectors, on the other. That matter was being considered in various forums, including the Administrative Committee on Coordination. The issue was also addressed in An Agenda for Development (A/48/935). There was evidence that coordination in

complex emergencies was, on the whole, improving. However, linkages between peace-keeping operations, emergency assistance, rehabilitation and development would require further study and effort to translate concepts into action.

11. Another objective was to define more clearly those development and cooperation tasks which should be carried out by the Organization itself and within the United Nations system of specialized agencies and institutions. The tasks to be undertaken by the Secretariat vis-à-vis the rest of the United Nations system had been clarified in several respects.

12. Yet another objective was to achieve a more rational distribution of responsibilities between Headquarters and the United Nations Offices at Geneva, Nairobi and Vienna, on the one hand, and between global, regional and field structures, on the other. For example, the Centre for Science and Technology for Development and the Centre on Transnational Corporations had been transferred from New York to UNCTAD, and the Social Development Division and the Division for the Advancement of Women had been transferred from Vienna to the Department for Policy Coordination and Sustainable Development. Those steps were already having a positive impact on programme delivery. Decentralization to the regional commissions had been initiated, but the impact had yet to be determined.

13. The Secretary-General's objective was to establish clear lines of responsibility in a simpler structure and to eliminate duplication and solve the problem of coordination. The Administrator of UNDP had recently been entrusted with the task of assisting the Secretary-General in enhancing policy coherence within the United Nations and overall coordination of operational activities.

14. With regard to the objective of the reorganization of the Department of Administration and Management into an integrated, streamlined department with clear lines of responsibility, the basic elements of a new structure were in place, and efforts had been initiated to improve "management culture" through the introduction of a system of accountability and responsibility, which was a necessary precondition for the transition to a decentralized mode of operations.

15. The Office for Inspections and Investigation had been created in September 1993; it had subsequently been incorporated into the Office of Internal Oversight Services, pursuant to General Assembly resolution 48/218 B of 29 July 1994. The impact of the consolidation of all investigation, audit, inspection and evaluation functions in one office was likely to be apparent at the end of the current budget period.

16. In its resolution 47/212 B, the General Assembly had noted that the restructuring of the Secretariat in the economic and social sectors would, inter alia, entail the decentralization of activities to the regional commissions on the basis of clearly identified relative advantage. On the basis of the recommendations of a task force established to review possible decentralization measures to strengthen the regional commissions, a redistribution of resources for advisory services had been proposed in the programme budget for the biennium 1994-1995. As a result, the resources

assigned to the regional commissions under section 20 (Regular programme of technical cooperation) of the programme budget had increased by some $10 million compared with the previous biennium and there had been a corresponding decrease in the resources for central programmes.

17. Another area identified for decentralization related to the programme on energy and natural resources. The outcome of the consultations which had taken place in that regard was reflected in the proposals of the Secretary-General (A/C.5/48/76) which the General Assembly had endorsed in resolution 48/261. The aforementioned task force had also reached the conclusion that other activities in areas such as social development, population, poverty alleviation, economic cooperation among developing countries, statistics, economic analysis and marine affairs, although they did not necessarily require a reallocation of resources, would benefit from a more effective division of labour.

18. The regional commissions themselves were implementing reform measures aimed at making regional activities more responsive to the needs of Member States. While the reforms were dictated by the specific needs of each region, as perceived by Member States in the respective commissions, their general thrust was to achieve a better distribution of responsibilities, more focused work programmes and a simplification and rationalization of the intergovernmental subsidiary machinery of the commissions.

19. For two decades, the growth of the two United Nations programmes based in Nairobi had been purposeful but not always fully coordinated. That had resulted in the development of parallel administrative structures which had detracted from the original intent of the General Assembly when it had established the programmes, did not encourage cooperation between them and did not facilitate the servicing of other Secretariat activities which required administrative support at Nairobi. In 1993, therefore, the Secretary-General had initiated a number of measures aimed at enhancing coherence in the management of the United Nations Environment Programme (UNEP) and the United Nations Centre for Human Settlements (Habitat), while retaining the identity and programmatic focus of each. An additional aim was to develop an organizational structure that could accommodate other long-term and temporary functions of the Secretariat at Nairobi.

20. Under present plans, the common services of the two entities would include, in addition to a joint human resources management service, common conference services, finance operations and general support services. At the programme level, enhanced collaboration between UNEP and Habitat was producing good results in several areas. That had been evident, for example, in their joint efforts in support of the Global Conference on the Sustainable Development of Small Island Developing States, the Commission on Sustainable Development and the Task Force on the Continuum from Relief to Development. That collaboration between UNEP and Habitat should serve to enhance the development of a comprehensive approach to the interdependent issues of environment and human settlements and further the overall objective of sustainable development. The administrative reforms would also contribute to a more efficient use of resources and more coherent management in both entities, and would provide the

foundations for a stronger United Nations presence in Nairobi and in Africa in general.

21. The United Nations Office at Vienna had undergone a major restructuring which had not yet been completed. As had been noted, the Division for the Advancement of Women and the Social Development Division had been redeployed to New York. The United Nations Office at Vienna now included the Office for Outer Space Affairs and responsibility for legal matters related to the Commission on the Peaceful Uses of Outer Space. It also included the Crime Prevention and Criminal Justice Branch; the Division of Administrative and Common Services; the International Trade Law Branch of the Office of Legal Affairs; and the United Nations Information Service of the Department of Public Information.

22. The rationalization of the joint and common services shared by the United Nations, the United Nations Industrial Development Organization and the International Atomic Energy Agency (IAEA) had been initiated in 1992 with an agreement between the United Nations and IAEA for the provision of interpretation services to the Agency by Conference Services of the United Nations Office at Vienna.

23. The assessment of the impact of the restructuring measures introduced in Vienna must include the important decision to consolidate three drug control units into a single programme, the United Nations Drug Control Programme. After some initial difficulties, the programme implementation rate had risen from 73.9 per cent in 1990-1991 to 80.2 per cent in 1992-1993, reflecting the growing effectiveness of the integration process.

24. The relocation of the Office of Outer Space Affairs to Vienna had also resulted in some initial difficulties, but they had been rapidly overcome. The relocation of the Office to Vienna had substantially improved cooperation between it and various national and international agencies located in Europe. It had also opened up the possibility of cooperation with the United Nations International Drug Control Programme in integrating the use of space technology into drug control activities. The restructuring of administrative arrangements at Vienna had not yet been completed, but the adjustments that had been introduced in conference-servicing arrangements had resulted in economies during the biennium 1992-1993 through reduced administrative overheads and better utilization of the established capacity. The consolidation process would continue during 1994. Further activities and responsibilities that would benefit from relocation to Vienna would be identified and arrangements for the administration of activities at Vienna would be kept under review so as to ensure an appropriate balance between accountability and authority and achieve the highest level of efficiency.

25. In conclusion, he said that the report of the Secretary-General had presented an initial assessment of the restructuring of the Secretariat. The aim of the restructuring was to enhance and improve the Organization's ability to meet the strategic objectives and priorities established by Member States, while creating and introducing simpler, streamlined structures to support the basic functions of the Organization in meeting those objectives. It was against

these objectives and priorities that the new structure should be evaluated. The provision of guidance by Member States was therefore crucial.

26. To have real impact and lasting results, the Secretariat restructuring should also go hand in hand with the restructuring of the intergovernmental machinery so that additional positive synergies with Secretariat restructuring might be achieved. It was also important that Member States, in acting in various United Nations forums, should maintain the perspective of the Organization as a whole. Member States had a responsibility to ensure, through enhanced coordination at the national level, that the changes in mandates in response to changing priorities did not lead to duplication or detract from overall coherence.

27. Restructuring in the United Nations should be regarded as a process rather than as an event. Periods of reform must alternate with phases of consolidation. The Organization collectively must bridge the growing gap between mandates and resources if the reform effort was to be sustained and if its programmes, as well as the credibility of the Organization, were to be supported and carried forward. It was no longer possible for the Secretariat to carry out increased and often complex mandates simply through redeployment or within existing resources, as it was repeatedly requested to do.

28. The measures introduced by the Secretary-General were timely and necessary, and had enhanced the Secretariat's effectiveness in responding to the priorities established by Member States. The Secretariat was committed to give Member States the best services, effectively and efficiently, and had already demonstrated that it could even improve its efficiency in times of financial crisis.

29. Mr. ABRASZEWSKI (Chairman, Joint Inspection Unit), introducing the report of the Joint Inspection Unit (A/49/34), said that he wished to refer first to the question of strengthening and improving the effectiveness of the external oversight mechanisms. The Joint Inspection Unit believed that support, leadership, guidance and targeting from intergovernmental and, in the first instance, from the main legislative bodies, were conditions sine qua non for an effective external oversight mechanism. Intergovernmental bodies needed to devote attention to the external oversight units and must be willing to lead, guide and target them on issues which were of major importance to Member States, and to the efficient functioning of the organizations. It was of paramount importance that Member States should give a clear message that the external oversight organs enjoyed their real support and were exercising oversight functions on their behalf. Only then would a proper environment be created for a meaningful role of the external oversight organs.

30. Clear formulation of the mandates and functions of oversight bodies, plus elimination of ambiguities which might arise in the interpretation of those functions by controlled units, was crucial. Equally important were the material means, both human and financial, to support oversight units. Particular attention should be paid to ensuring that those who were appointed to oversight functions possessed the necessary high professional qualifications and

experience and that their professional careers were not adversely affected. That was related, in particular, to the need to secure the independence of the staff serving those entities. A correct interpretation of their status should be that such staff were appointed by the Secretary-General - and that the Staff Regulations and Staff Rules of the United Nations applied to them - but they were working for and accountable to the oversight body to which they were assigned.

31. More attention should be devoted to developing practical cooperation and coordination among external oversight organs. That cooperation should be defined more precisely; it should be seen as more than mere avoidance of overlap and duplication. Oversight organs should develop the practice of undertaking complementary projects, and should also consider implementing larger and complex oversight projects with agreed and shared responsibilities. What was needed was to move from the current approach of stressing and protecting the independence of each oversight body and their separate mandates and functions, and to develop a culture of positive cooperation among those bodies.

32. The Unit's experience and analysis of the current situation revealed a general weakness of external oversight mechanisms, namely that compliance and follow-up of their recommendations was fragmented and weak. Thus, a system of compliance and follow-up efficient and transparent to all concerned seemed to be a necessary requirement in order to strengthen external oversight mechanisms and further their effectiveness.

33. The functions performed by the Office of Internal Oversight Services should include compliance with and follow-up of recommendations emanating from external oversight bodies. The Office should act as a focal point in those matters for the whole of the Secretariat and compliance should be part of its reporting procedure. Consequently, the Unit recommended that the Office should develop appropriate procedures and rules to implement such compliance and follow-up functions, and should report thereon. The Unit would be happy to advise on such internal rules and procedures. A corollary was the broader question of cooperation and relationships between external and internal oversight mechanisms which, although different, could develop practical cooperation and maintain efficient operational relationships. In that context, the Unit drew attention to its report on "accountability and oversight in the United Nations Secretariat" (A/48/420, annex), and to the provisions of General Assembly resolution 48/218.

34. The Unit supported the views expressed by the Chairman of the Panel of External Auditors and the United Nations Board of Auditors on the different nature, roles and functions of the external and internal audit and oversight mechanisms in general and agreed that strong and independent external audit and oversight functions should be at the core of the accountability arrangements of the United Nations (A/48/876, annex). That was why the Unit wished to stress that its statutory role and functions should continue much as they were.

35. In its resolution 48/221, the General Assembly had reaffirmed the statute of the Unit as the only independent, system-wide inspection, evaluation and

investigation body. The Unit believed that the further enhancement of its work would require concerted effort and interaction among Member States, participating organizations and the Unit itself. Member States, through the legislative organs of the participating organizations, should consider ways and means by which they could give greater attention, leadership, guidance and targeting to the Unit to enhance its work and accountability. They could undertake a review each year of the proposed programme of work of the Unit and decide on specific activities which should be inspected, investigated and evaluated by the Unit with a corresponding order of priority.

36. The participating organizations, for their part, taking into account the provisions of General Assembly resolution 48/221, could invite the Unit to participate in their deliberations when they were considering the Unit's reports. Such direct interaction with the Unit on specific issues of interest to the participating organizations concerned would ensure a thorough review and effective follow-up of the Unit's recommendations. All executive heads of the participating organizations should regularly submit to their respective legislative bodies and/or the General Assembly detailed reports on the implementation of those recommendations.

37. While calling for guidance and support from Member States, the Unit was at the same time fully aware that it needed to earn such support through the relevance of its work and its meaningful contribution to improving the management efficiency of the United Nations system. During the reporting period, the Unit had made serious efforts to enhance its productivity and performance. As reflected in paragraphs 21 through 43 of its report (A/49/34), the Unit had increased substantially the number of reports produced, and they were better focused on important concerns of Member States and the secretariats of participating organizations; introduced a more comprehensive programme of work, which would include new orientations such as peace-keeping; expanded its dialogue and consultations with Member States and with the participating organizations; and improved its programming methods, particularly through more equitable distribution of topics for reports within the four priority areas, better reflection on the needs and concerns of the participating organizations, more cohesive long-term planning, the establishment of a roster of studies, more scrutiny in the choice of topics for reports and the implementation of measures for internal improvement.

38. In establishing its work programme, JIU would give priority to requests and suggestions for reports on inspection, investigation and evaluation. Furthermore, it was seeking to adopt measures to improve follow-up on the implementation of its recommendations. In particular, it would use information technology to establish a complete and efficient database and to keep track of its past reports and recommendations, which would also have a direct impact on the Unit's productivity.

39. In future reports, JIU would more actively pursue cost-saving measures for Member States and participating organizations. It would accordingly ensure that its reports gave adequate statements of the financial implications of any recommendations that could result in cost savings and drew attention to

situations that might require additional resources. It would also include action-oriented recommendations, indicating clearly by whom, how and when, and at what cost they were to be implemented, and it would use comparative tables and graphics. Moreover, the internal study it would make of its operational rules and procedures would enhance inspection and evaluation of specific fields of activities carried out by the United Nations and other participating organizations, as requested in resolution 48/221.

40. Mr. SY (Chairman of the Ad Hoc Intergovernmental Working Group of Experts established pursuant to General Assembly resolution 48/218 A) said that, as indicated in its report (A/49/418), the Working Group had conducted an in-depth study on all the matters it had decided to take up, with effective inputs from the representatives of the Secretary-General and the various internal and external oversight bodies. The Working Group had sought to determine the magnitude of alleged cases of fraud in order to assess their actual impact on the management of the Organization's resources, funds and property, study its root causes and propose not only solutions in such cases but also preventive measures to avoid their repetition in future. After concluding its study, the Working Group had reached the conclusion that the cases of presumptive fraud brought to its attention had not reached overly alarming proportions. The risk that they would increase had, however, persuaded it to go on to review the existing jurisdictional and procedural mechanisms in order to detect possible shortcomings and propose remedial measures, and to make an in-depth study to determine the risk of possible fraud and waste in the activities involved in peace-keeping operations, since they were proliferating and entailed such a large amount of funds and equipment.

41. The Working Group had concluded that procurement for peace-keeping operations constituted a major area where there was risk of possible fraud or other abuse, given the high level of expenditure involved; that, in employing the term fraud, the Secretariat had excluded waste, abuse, property loss or misleading financial information; and that the rules of conduct set out in article I of the Staff Regulations did not apply to members of the peace-keeping troops; the defects and imprecision of the provisions of the Financial Rules governing approval and procurement procedures favoured fraud and an attitude of "washing one's hands"; administrative personnel, particularly those engaged in certifying, approving, disbursing, performing inventory and assets control, inspecting, contracting and procurement functions had not always been given sufficient responsibility or received adequate training in advance; the establishment and functioning of joint disciplinary committees were subject to serious delays, particularly in locations outside Headquarters; Member States whose nationals were guilty of fraud did not give the Organization the needed cooperation in obtaining monetary compensation for damage sustained; and the Statute of the United Nations Administrative Tribunal did not give it jurisdiction to adjudicate claims submitted by the Secretary-General against guilty staff members.

42. Mr. STÖCKL (Germany), speaking on behalf of the European Union and Austria, said that the report on the establishment of a transparent and effective system of accountability and responsibility (A/C.5/49/1) was a tremendous improvement

and inspired more confidence as to the future management of the Organization. Over the years, the European Union had tried to hold the Secretariat to the highest standards of managerial competence. That position, shared by others, had been reflected in numerous consensus recommendations adopted by the Committee for Programme and Coordination (CPC) and in resolutions of the General Assembly. The Secretariat had not always shown a readiness to accept those comments in the spirit in which they had been offered, or to admit that all was not necessarily for the best. It was to be hoped that the report marked the beginning of a new period of cooperation between Member States and the Secretariat.

43. The proposals in the report struck a reasonable balance between decentralization and delegation of authority and responsibility on the one hand and central monitoring and control of resources on the other. Increased responsibility implied increased accountability. A proper system of accountability and responsibility must be based on mandates and directives clearly defined in the medium-term plan and translated into the budget of the Organization. That link between mandates, budget structures and allocations and the system of responsibility and accountability would guide the future work of the Secretariat.

44. Staff members must be held accountable for the results of their work, their actions and the resources entrusted to them. It was extremely important to introduce a performance appraisal system that would allow for recognition of good performance and appropriate action in the case of unsatisfactory performance, mismanagement or wrongdoing. The success of any proposals would also depend on establishing a proper set of objectives at all levels and making the right links between objectives, performance indicators and performance appraisal.

45. The Secretary-General was right in underscoring the difficulty of changing attitudes and well-entrenched bureaucratic habits. Training would have to improve and communication between staff and management must be transparent. Such a long overdue change in management culture and procedures was perhaps more important than the restructuring of the Secretariat. In addition, there was a welcome recognition of the essential role that the Integrated Management Information System (IMIS) would play as a tool for the efficient use of the human and financial resources of the Organization. The new Office of Internal Oversight Services, whose main role should not be that of a policeman or investigator but of an adviser on ways of improving management within the Organization, would play a key role in the new system.

46. Mr. BIRENBAUM (United States of America) said that he enthusiastically endorsed the report of the Secretary-General on the establishment of a transparent and effective system of accountability and responsibility. The measures proposed fit into the overall framework for management reform which the Committee had been pursuing during the past several years. The establishment of the Office of Internal Oversight Services had been a major step in that direction. The Office would generate ideas for improving management but could

not, by itself, reform the United Nations. The goal of the process of reform must be to change the very culture of the United Nations.

47. The management concepts set out in the report had been applied in the business world for many years. Experience showed that by delegating authority and holding the managers accountable, organizations in the private and public sectors worked better and cost less. Thus the proposed system was a proven one. The challenge now was its implementation, especially the effective implementation of the various accountability mechanisms detailed in the report. The new management culture must be invoked to ensure that newly empowered staff members were truly held accountable. The proposed self-evaluation system would no doubt play a key role in that respect, and more information about it should be provided, as well as about the evaluations of the six-month management plans instituted in 1992 providing the means for monitoring output and for quality control. It was of critical importance that an efficient organizational oversight machinery should monitor the operation of the system. The Office of Internal Oversight Services was an important component of that machinery.

48. The Secretariat might consider additional tools which would help to achieve accountability. Requiring all segments of the Organization to conduct vulnerability assessments on a regular basis could help to highlight areas of risk where internal controls needed to be strengthened. Requiring senior managers and staff responsible for contracting and procurement to submit disclosure statements on their personal financial situation would provide an essential measure of protection against conflict of interest and other abuses of the enlarged authority granted to programme managers. His delegation also supported extending the United Nations code of conduct to all officials who received remuneration of one kind or another from the Organization. Serious consideration should be given to establishing limits on the terms of executive heads and elected officials of the United Nations and its specialized agencies and programmes.

49. Mr. SINGH (India) welcomed the fact that the Office of Internal Oversight Services had been empowered to ensure follow-up action on the approved reports of the Board of Auditors with a view to enforcing adherence to all financial and administrative regulations and rules and for taking prompt corrective action. He also hoped that the Under-Secretary-General for Internal Oversight Services and his Office would simplify rules, regulations and procedures.

50. The terms of the members of the Board of Auditors should be increased from the current period of three years in order to make better use of the experience gained. The resources of the Board also needed to be augmented to meet the greater demands being made upon it by Member States. The budget of the Board of Auditors should be handled on the same basis as that of the Office of Internal Oversight Services. With respect to the Advisory Committee on Administrative and Budgetary Questions (ACABQ), his delegation awaited the suggestions of the Advisory Committee itself on how to further improve and strengthen its functioning.

51. With regard to the recommendations of the Ad Hoc Intergovernmental Working Group of Experts established pursuant to General Assembly resolution 48/218 A, he agreed that there was a need for preventive action, increased oversight and greater emphasis on the training of personnel in the areas of administration, the financial regulations, procurement and contracting procedures and inventory control. The General Assembly should weigh the need for creating a new mechanism to handle financial irregularities in terms of the effects on workload and cost-effectiveness. Given the paucity of budgetary resources, it was to be hoped that the Committee would approve the creation of the new mechanism only after a careful evaluation. The Committee had created an important oversight body and would soon be considering proposals to institute greater accountability and responsibility on the part of programme managers, to streamline procurement, contracting and financial procedures, and to enhance training. The impact of those important changes on fraud and waste in the Organization should be evaluated before creating new bodies at considerable expense to Member States.

52. His delegation agreed with the basic premises of the Secretary-General's report on the establishment of a transparent and effective system of accountability and responsibility (A/C.5/49/1) and welcomed his proposals, including the proposal to review the Financial Regulations and Rules and the Regulations and Rules Governing Programme Planning, and the proposal to invite a group of experts to review the procurement processes at Headquarters and in the field.

53. As the Secretary-General pointed out in his note on the reports by the Board of Auditors (A/49/214), too often procurement contracts were awarded without ensuring that the Organization was getting the best value for money. Serious instances of conflict of interest had often come to light, resulting from the practice of using vendors or suppliers suggested by the requisitioning departments. In order for the resources of the Organization to be used properly and cost-effectively, those problems needed urgently to be addressed and in some cases might require that penalties be imposed. The procedures for inviting and evaluating bids must be non-discriminatory. In addition, the decisions of the Committee on Contracts should be transparent, and the roster of suppliers to the United Nations should be published periodically. Procedures for pre-selection of suppliers should be public knowledge, so that there would be no mystery about how a company came to have the opportunity to submit a bid. The group of experts which would conduct a review of those procedures should be drawn from all geographical regions, and the results of the review should be made available to Member States. His delegation also supported the establishment of a permanent Committee on Contracts.

54. It was to be hoped that delegation of administrative and financial authority would increase the ability of field units to adjust to new situations and specific requirements and would be accompanied by measures to strengthen accountability. The Secretariat should ensure that reports were made available to Member States in time to enable them to act in an efficient and responsible manner with full knowledge of the facts. Administrative efficiency could not be ensured simply by changing the rules and regulations. The entire approach of the Organization in that regard would have to change, especially with regard to

providing Member States promptly with the information they needed to make timely and appropriate decisions.

55. His delegation welcomed the proposal of the Secretary-General on the creation and elimination of posts, since it agreed on the need to allow for greater management flexibility. The practice of assigning posts specifically approved by the General Assembly for one purpose to another area of work must cease. Greater flexibility in recruitment to meet the needs of peace-keeping operations should not become a licence to ignore the obligation to recruit personnel from all parts of the world, since efficiency was not limited by geography or ethnic origin, and recruitment must reflect the diversity that characterized the United Nations.

56. The complexity of the system the Fifth Committee had to deal with, in which all ideas, concepts and structures had a history should be borne in mind. The Joint Inspection Unit (JIU) and the Committee for Programme and Coordination (CPC), for example, were created on the recommendation of the Ad Hoc Committee of Experts which 28 years ago examined the finances of the United Nations and specialized agencies and paid particular attention in its report (A/6343) to the elimination of duplication and overlapping, to improved methods of budget preparation and presentation, to better administration and long-term planning and evaluation, and to optimal utilization of available human and material resources - all the problems that were still occupying bodies such as JIU and CPC. Over the course of its history, the United Nations had grown from 50 Member States in 1945 to 184 today. A system must be built that would suit all Member States and reflect their several identities. That kind of administrative and personnel management was not easy, and it was to be hoped that the momentum generated in the past year would carry the necessary reforms forward into the future.

AGENDA ITEM 104: FINANCIAL REPORTS AND AUDITED FINANCIAL STATEMENTS, AND REPORTS OF THE BOARD OF AUDITORS (A/49/5, vols. I-IV, A/49/5/Add.1-9, A/49/214, A/48/572, A/48/587, A/48/516 and Add.1, A/49/368, A/49/348 and Add.1-2 and A/49/547)

57. Mr. LE MARECHAL (Deputy Comptroller and Auditor General of the United Kingdom), presenting the reports of the Board of Auditors on behalf of the Chairman of the Board, said that the reports contained the results of the audits of the financial statements of the United Nations itself, its peace-keeping operations, the International Trade Centre (ITC), United Nations University (UNU), United Nations Development Programme (UNDP), United Nations Population Fund (UNFPA), United Nations Children's Fund (UNICEF), United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), United Nations Institute for Training and Research (UNITAR), Office of the United Nations High Commissioner for Refugees (UNHCR), United Nations Environment Programme (UNEP), United Nations Habitat and Human Settlements Foundation and United Nations International Drug Control Programme, and a report on the financial statements of the United Nations Joint Staff Pension Fund. As requested by the General Assembly in its resolution 47/211, the Board had also presented in a separate document a summary of the principal findings, conclusions and recommendations

set out in those reports. It had continued its practice of following closely the measures taken by the Administration to implement the previous audit recommendations. The Board's comments were set out in the annexes to each report.

58. The Board of Auditors welcomed the proposals put forward by the Secretary-General to change the management culture of the United Nations, with their emphasis on responsibility, authority, accountability and transparency, which could do much to help attain the Organization's objectives and to solve the more specific problems identified in the Board's report.

59. At the same time, the Board welcomed the creation of the Office of Internal Oversight Services and the consequent strengthening of the internal audit capacity of the United Nations. The Board had always worked closely with the Internal Audit Division and subsequently with the Office for Inspections and Investigations, with a view to coordinating their activities, and it hoped that the same kind of collaboration would be developed with the new Office.

60. At the request of the General Assembly in its resolution 48/216, the Board had submitted in document A/49/368 its views on the implications of extending the term of office of members of the Board of Auditors to four or six years. For the reasons set out in the document, the Board favoured the adoption of a six-year term of appointment, meaning that each member of the Board would serve for three biennial financial periods, giving that person sufficient time to become familiar with the Organization and to make an effective contribution.

61. With regard to General Assembly decision 47/454 and resolution 48/218, the Board had put forward its views on improving external oversight functions within the United Nations, dealing in particular with the role of external auditors. In essence, the Board felt that its role should not change and that the current arrangement should be retained, bearing in mind the need to develop the audits in line with the best professional practice.

62. In recent debates, a number of Member States had expressed concern about the capacity of Board members to provide sufficient numbers of professionally qualified staff to carry out the full range of required audit activities. Accordingly, the Board had been questioned closely on that point by the Advisory Committee on Administrative and Budgetary Questions. The Board was pleased to note that it had had no difficulty in providing the requisite number of professional staff, by drawing on its respective national audit institutions or by obtaining the services of outside experts.

63. Over the previous year, the Board had received an increasing number of requests from the General Assembly for special audits of particular topics. The Board welcomed the keen interest of Member States in its work and was always willing to respond positively to their concern. In most cases, those requests could be addressed within the Board's programme by adjusting the focus of particular audits to cover the necessary ground. In certain cases, however, especially where requests were made at short notice or required particular expertise, the Board might have to seek additional funding to meet those

requirements, as was also necessary in respect of the General Assembly's request for a new report from the Board on the Integrated Management Information System (IMIS).

64. For the first time, the Board had presented a separate report on the financial statements of the Organization's peace-keeping operations in 1992-1993. In preparing that report, the Board had been very conscious of the importance of that work and of the request, contained in General Assembly resolution 47/211, that the audit coverage of peace-keeping operations should be expanded. The Board had substantially increased the number of audits carried out, and further increases in the extent and depth of coverage were planned for 1994-1995. The Board was currently reviewing the estimated audit costs of its expanded coverage and would present revised budget estimates as necessary.

65. Where financial issues were concerned, the Board had qualified its audit opinion on the financial statements of four organizations. In three cases, namely, UNDP, UNFPA and the United Nations International Drug Control Programme, the Board had limited the scope of its opinion, as it had in 1990-1991, since it had been unable to obtain sufficient evidence in the form of audit certificates from Governments and non-governmental organizations that funds advanced to them for technical cooperation projects had been used for those purposes. None the less, although there were continuing difficulties in obtaining those certificates, the extent of the problem had been much reduced compared to the previous biennium, and the organizations had taken steps to improve the situation still further.

66. With regard to the financial statements for peace-keeping operations, the Board disagreed with the evaluation placed on assessed contributions because, in its view, there was scant likelihood of collecting those contributions. In general, organizations had complied with the United Nations system common accounting standards, introduced during the biennium 1992-1993, but there were some areas where further work would be required in 1994-1995.

67. With regard to management issues, the Board was well aware of its role in helping to reduce waste within the United Nations and to enhance programme performance. Over time, the Board had sharpened the focus in its reports on the scope for economy and had made suggestions for improved efficiency and effectiveness. In the biennium 1992-1993, the Board had carried out horizontal studies - in other words, it had examined the same topic in each of the organizations which it audited, in two important areas: the procurement of goods and services and the implementation of the Integrated Management Information System. In addition, it had examined specific aspects of each organization.

68. As for procurement, there were a number of areas in which significant improvements were required if the United Nations and its organizations were to secure better value for money. The Board had noted the positive response of the United Nations to its recommendations and welcomed the establishment of a group of high-level external experts to review procurement procedures.

69. The Board's recommendations could be grouped under three headings. First, the United Nations must actively manage procurement and plan it more effectively, developing measures to enable it to monitor trends and identify potential problems. It must also do more to provide training for its staff and to disseminate the best practice. Secondly, the Organization must test the market much more thoroughly than had been its previous practice. The Board recommended greater use of open tenders for major procurements, and better use of advertising and of supplier rosters. Competitive tendering also helped to ensure proper standards of conduct. Thirdly, the United Nations must act as an "intelligent" customer. It must have sufficient in-house expertise to work with the market in the way the market expected, both for letting and for monitoring contracts. In many cases, it had received very few bids conforming fully to contract specifications. A greater understanding of the market would help it to tackle that problem.

70. The Integrated Management Information System had remained a project with little detailed planning for implementation, either in New York or at offices away from Headquarters, such as Geneva or Vienna. In addition, the resources required had been considerably underestimated. The rapid response of the United Nations to the shortcomings identified, as set out in the sixth progress report on the Integrated Management Information System project (A/C.5/48/12/Add.1), was encouraging. As requested by the General Assembly in its decision 48/492, the Board would report again shortly on various aspects of the project.

71. In respect of programme management, the Board had commented on various shortcomings in a number of detailed cases, such as those concerning conference services, UNHCR, UNICEF, UNEP and the United Nations Habitat and Human Settlements Foundation. It was difficult to generalize about the reasons for those shortcomings, but they stemmed essentially from a lack of clear objectives, and from an absence of performance measures and effective monitoring.

72. Once again, the Board had found it necessary to comment extensively on the failure of several organizations, especially in the peace-keeping area, to maintain adequate inventories of non-expendable property. Those inventories formed the basis for the safeguarding and management of the organizations' assets. The United Nations would be ill-equipped to make the best use of its assets if it did not know what assets it had or where those assets were.

73. The Board had also paid special attention to the management of technical cooperation projects carried out by the United Nations, UNDP, UNFPA, ITC and others. A number of general themes had again emerged, in particular a failure to establish quantifiable objectives, a tendency to administer projects mechanically, persistent overruns on timetable and budget and a failure to disseminate the lessons of previous experience. The Board's key recommendation in that regard was that such projects must be managed more pro-actively and within a structure which clearly established the lines of responsibility and accountability.

74. Finally, during the biennium 1992-1993, the impact of the changes in the implementation of development projects, in particular the switch to national execution, had had a major effect on some organizations. For example, the United Nations and ITC had experienced a sharp decline in programme support cost income, as a result of which it had been necessary to review their staffing levels and to implement painful reforms.

75. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that, when preparing its report (A/49/547), the Advisory Committee had kept in mind the concern expressed in the Fifth Committee regarding the adequacy of audit coverage and related resources. The Board of Auditors had taken into account the General Assembly's wish to have broader audit coverage for peace-keeping operations. For the first time, it had prepared a separate report on peace-keeping operations, and the Advisory Committee was of the view that, in future, the Board might have to consider the appropriateness of issuing separate reports on the larger peace-keeping missions, such as UNPROFOR.

76. With respect to resources, the Advisory Committee was satisfied that the Secretariat had included in the respective budgets the amounts requested by the Board to cover the audit programmes concerned. As observed in paragraph 8 of the ACABQ report, the Board was able to cope with additional audits at the request of the General Assembly. If, however, the additional audits were required to be completed within a short period, more resources might be needed. Before deciding on additional audits, therefore, it was necessary to have a statement of financial implications prepared by the Board.

77. The General Assembly had requested the Board of Auditors to report, through the Advisory Committee, on the question of extending the term of office of members to four or six years. As indicated in the Board's report on the subject (A/49/368 and Corr.1), the current term of office had been determined at a time when the United Nations had had a one-year financial period. The term of office of a member expired every year; if that member was not re-elected, the work of the Board was disrupted because the incoming member joined the team when an audit was under way. After considerable discussion, the Advisory Committee had concluded that the final decision rested with the General Assembly. Furthermore, if the term of office was changed, the Assembly would have to adopt appropriate transitional measures.

78. The General Assembly had also requested the executive heads of the audited organizations to submit information on the action that had been or was expected to be taken in order to comply with the Board's recommendations, including timetables for implementation. In each of its reports, the Board included a section on the implementation of its past recommendations. The Advisory Committee regarded that development as encouraging. However, the reporting system was still evolving. In particular, the issuance of reports on the implementation of the Board's recommendations must be synchronized in the manner indicated in paragraph 35 of the ACABQ report, so that both parties could discharge their respective responsibilities. In that connection, he stressed the importance of the observations in paragraph 36 of the ACABQ report, which

indicated the Advisory Committee's intention of meeting with the Board of Auditors to explore with it and with the representatives of the Secretary-General the most acceptable means of putting into practice the procedures outlined in paragraph 36.

ORGANIZATION OF WORK

79. Mr. HAHN-FEILER (Germany), speaking on behalf of the European Union and Austria, stressed the importance attached by those countries to speedy consideration of the report of the Secretary-General on administrative and budgetary aspects of the financing of the United Nations peace-keeping operations (A/48/945). He urged the Secretariat to prepare as soon as possible any additions to that document which might be needed.

The meeting rose at 5.40 p.m.